GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:305
ANSWERED ON:24.11.2005
PRICE OF LPG
Chowdhury Shri Adhir Ranjan

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the present price of Liquefied Petroleum Gas (LPG) in the world market and its cost in India after adding freight charges, etc;

(b) the price at which Government is supplying it to the consumers in the country;

(c) whether the Government proposes to bridge this gap; and

(d) if so, the details thereof and if not, the reasons therefor ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): The present price of Liquefied Petroleum Gas (LPG) in the world market is US$513.64/MT and this corresponds to an average cost price of LPG (domestic - packed) of Rs.30,473/MT during the month of October 2005, after adding freight charges, etc.

(b): The price at which the Government has allowed the oil marketing companies (OMCs) to supply domestic LPG to the consumers in the country is Rs.16,640/MT exclusive of all taxes.

(c)&(d): The OMCs have suffered substantial under-recoveries on account of the continued and widening mismatch between domestic retail prices of LPG, on the one hand, and international oil prices which have been relentlessly rising, on the other. Keeping in view the beneficial effects of domestic LPG as a clean cooking fuel, Government pricing policy attempts to strike the right balance between the interests of all the stakeholders, namely, consumers, OMCs and the Government so that the burden is equitably shared. Government, on its part, have brought down the customs and excise duties on domestic LPG to `nil` in the current budget. A marginal price increase of Rs.20/cylinder was effected on domestic LPG, effective November 2004.

Government are constantly monitoring/reviewing the pricing of sensitive petroleum products including domestic LPG taking into account the interests of all stakeholders.